

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 179 - SB 622

February 26, 2023

SUMMARY OF BILL: Removes the authority of the Commissioner of the Department of Education (DOE) to directly operate or contract for the management of any schools placed in the Achievement School District (ASD). Removes all schools from the ASD by July 1, 2024. Prohibits a school or grade configuration within a school from being assigned to the ASD on or after July 1, 2024. Removes all authority and requirements established for the ASD on July 1, 2024.

FISCAL IMPACT:

Other Fiscal Impact – In the event DOE is able to form an alternative Every Student Succeeds Act (ESSA) plan that is approved by the federal government prior to July 1, 2024, the fiscal impact will be not significant; otherwise removal of the ASD may jeopardize federal funding in FY24-25 and subsequent years.

Assumptions:

- All expenses to fund the ASD are generated from either authorizer fees or grant funds, which would not be collected or allocated if the ASD were not in operation.
- Currently, the approved ESSA plan articulates the process outlined in Tenn. Code Ann. § 49-1-614. Failure to implement the currently approved ESSA plan could jeopardize funding received from the federal government to support all Title I-1003 schools. The removal of the ASD would eliminate at least 12 executive service positions that manage and monitor the Achievement School District and contracts with 7 charter organizations that are currently supporting schools within the ASD and have a contract end date extending beyond July 1, 2024.
- Because the salaries of the ASD executive employees are paid out of authorizer fees from the Charter Management Organizations and from grants, there would be no impact to state or federal funds following the elimination of these positions.
- The Division of School Turnaround allocates approximately \$24,000,000 per year to support federally-identified schools. The ASD, the state's most intensive intervention, received \$2,730,495 in FY21-22.
- The funding from the Division of School Turnaround is for federally identified schools. It is assumed that if the ASD is eliminated, the schools in the ASD would return to their local LEA and the funding would follow the school as long as it maintained the current priority identification; therefore, there would be no required decrease in state or local funding.

- According to DOE, the removal of the ASD as the state's school improvement intervention would be in direct contradiction to the approved TN ESSA plan and would force DOE to develop and implement an alternative for the ASD as the state's most intensive intervention for chronically underperforming schools.
- If this bill were to pass and ASD were to be eliminated, DOE would be at risk of being in non-compliance with federal law and jeopardize approximately \$300,000,000 in federal funding under ESSA.
- In order to maintain compliance with the federal ESSA law, the state would be required to revise its ESSA plan, which requires approval from the U.S. Department of Education, and develop in that plan an alternative intervention for supporting the highest-need schools across the state of Tennessee.
- In the event that DOE will be able to revise its ESSA plan and develop and implement an alternative intervention for chronically underperforming schools in order to comply with federal law, the fiscal impact is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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